(b) No, Sir. The financial performance of the PSUs, whether profit making or loss making, is a function of a large number of factors. Moreover, the public sector companies are run and governed in accordance with the provisions of the Companies Act, 1956 by competent professionals.

(c) Does not arise.

Criticism against the shedding of Government's stake in Air India

1527. SHRI RAVI SHANKAR PRASAD: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether Government are aware of the criticism being made from different quarters against the shedding of Centre's stake in Air India because of undue haste and lack of transparency during the process of pulling down the stake;

(b) if so, the details of the proposed disinvestment plan of Air India and the parties who have come forward to offer technical and financial bids finally to take over the Air India; and

(c) the measures taken to win over the confidence of different interests before taking a final decision in the matter?

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) The process of disinvestment of Government equity in Air India is being carried out in accordance with the declared policy and totally transparent procedures of the Government. The Government is following the procedures without any undue haste. It would be clear from the inclosed statement (*See* below) that the process has taken a long time and has progressed in consultation with all concerned in a transparent manner.

(b) the proposed disinvestment plan in respect of Air India is as under:

(i) Govt. equity to be brought down to 40% through disinvestment process.

(ii) 40% of the equity to be disinvested in favour of a strategic partner (SP).

(iii) Up to 10% of the equity to be offered to employees.

(iv) The balance (10%) of equity to be sold to financial institutions and /or on the share market.

(v) Foreign holding to be limited to a maximum of 26% of total equity if the SP is a Joint Venture with foreign holding.

Nine offers from prospective bidders were received against advertisement inviting Expressions of Interest. 6 out of these parties met pre-qualification criteria of minimum net worth and all these parties were given Bid Packs comprising Information Memorandum (IM), Request for Proposal (RFP), initial Drafts of Share Purchase Agreement (SPA) and Sharcholders Agreement (SHA) 4 out of these 6 parties did not submit the Initial Technical Proposal in response to the Request for Proposal. Thus, only 2 parties who remained in the process carried out due diligence/data room study and submitted comments on the draft Share Purchase Agreement and Shareholders Agreement. The process of ascertaining the eligibility/qualification of the interested bidders is underway and final technical and financial bids will be invited from the bidders fulfilling the qualification criteria.

(c) The process of disinvestment has been carried out in a totally transparent manner and the concerns expressed by various quarters on different issues have been addressed, subject to the national interest and priorities, while finalizing the Agreements to be entered into with the strategic partner. 17 meeting of the Inter Ministerial Group (IMG) were held to take into account the views of different Ministries/ Departments and others. Also meeting were held with the employees' unions/ representatives to dispel their anxiety and to explain the rationale of disinvestment. The enclosed Statement gives details of these meetings.

Statement

The details of the procedure being followed for disinvestment of PSUs

- Proposals for disinvestment in any PSU, based on the recommendations of the Disinvestment Commission or in accordance with the declared Disinvestment Policy of the Government, are placed for consideration of the Cabinet Committee on Disinvestment (CCD).
- After CCD clears the disinvestment proposal, selection of the Advisors for assisting in the implementation of the disinvestment decision, is done through a competitive bidding process.
- The Advisors assist the Government in preparation and issue of advertisement in leading newspapers/magazines/journals, for inviting Expression of Interest (EOI) from prospective Strategic Partners. In cases of urgency, EOI is prepared by Department of Disinvestment and issued after approval of Inter-Ministerial Group (IMG).
- After receipt of the EOI, Prospective Bidders are short listed, based

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on objective screening in the light of the announced pre qualification criteria/requirements.

- The Advisors, after due diligence of the PSU, prepare the Information Memorandum in consultation with the concerned PSU. This is given to the short listed Prospective Bidders, who have entered into a Confidentiality Agreement.
- The draft Share Purchase Agreement or the Shareholders Agreement are also prepared by the Advisors, with the help of the Legal Advisors, and given to the Prospective Bidders for eliciting their reaction.
- The Prospective Bidders undertake due diligence of the PSU and hold discussions with the Advisors/the Government/the representatives of the PSU for any clarifications.
- Concurrently, the task of valuation of the PSU is undertaken in accordance with the standard national and international practices.
- Based on the reactions received from the Prospective Bidders, the Share Purchase Agreement and Shareholders Agreement are finalised and after vetting by the Ministry of Law, they are approved by the Government. Thereafter, they are sent to the Prospective Bidders for inviting the final binding bids (Technical and Financial).
- After examination, analysis and evaluation of the bids, the recommendations of the Inter Ministerial Group (IMG) are placed before the CCD for a final decision regarding selection of the Strategic Partner, signing of the Share Purchase & Shareholders Agreements and other ancillary issues.
- In the disinvestment process mentioned above, Department of Disinvestment is assisted at each stage by an Inter Ministerial Group (IMG) comprising officers from the Ministry of Finance, Department of Public Enterprises, the Administrative Ministry/ Department controlling the PSU, the PSU concerned apart from the officers of the Department of Disinvestment and the Advisors.
- After the transaction is completed, all papers and documents relating to it shall be turned over the Comptroller and Auditor General of India; the CAG shall prepare an evaluation for sending to Parliament and releasing to the public.

The chronology of events in the process of disinvestment in Air India is as under:—

EVENTS	DATES
Disinvewstment Commission's recommendation:	August 1998 (8th Report)
• Government to provide Rs. 1000 crores as equity for financial restructuring of Air India, which would raise its paid upshare capital to Rs. 1154 crores.	
• Simultaneously, Government to initiate process of induction of a strategicpartner on the basis of global competitve bids through issue of fresh equity shares of the face value Rs.770 crores, which would enhance paid-up equity capital to Rs. 1924 crores and will reduce Government holding to 60%.	
• Strategic partner should be a consortium of Airlines and investors, with at least 25% of equity held by Indian investors.The selection of strategic partner should be through global competitive bidding among the pre-qualified bidders. The pre-qualification of bidders to be based on their financial, technical, marketing and managerial capabilities and commitment for AI's fleet expansion. Shareholders agreement to provide for appropriate share in the management to the strategic partner.	
• Thereafter, Government to disinvest 20% of total paid up equity capital by offering 10% to domestic institutional investors at the price paid by the highest bidder and the remaining 10% to the retail investors and employees at a	

EVENTS	DATES
discount. Share not taken by retail investors and employees to be offered to domestic institutional investors. This would eventually bring down Government share holding in AI to 40%.	
● Subsequent to the implementation of the above steps, Government and the strategic partner would each hold 40% of the equity capital of Al and the remaining would be dispersed among thedomestic institutional investors, employees and the public.	
Recommendation of the Core Gruop of Secretaries:	26.06.1999
Though the recommendations of the Disinvestment Commission were generally agreed to, the existing financial constraints and realities do not permit the Government to infuse Rs. 1000 crores in Al and to follow the exact steps spelt out by the Commission.It was decided that the disinvestment process should begin immediately without waiting for the infusion of funds.The strategic partner to be given management control and modalities to be decided at appropriate time. An Inter Ministerial Group to be constituted for recommending a Global Advisor for assisting in the process of disinvestment.	
Decision of the Government:	26.05.2000
While considering recommendations of Disinvestment Commission, infusion of equity amounting to Rs. 1000 crores was not found feasible in view of prevailing financial position and the following decisions were taken:	
● Govt. equity to be brought down to 40% through disinvestment process.	
● 40% of the equity to be disinvested in favour of a strategic partner.	

EVENTS	DATES
• Up to 10% of the equity to be offered to employees. • The balance (10%) of equity to be sold to financial institutions and/or on the share market. • Foreign holding to be limited to a maximum of 26% of total equity if the SP is a JV with foreign holding. • Global Advisor to assist in disinvestments process.	
Inter Ministerial Group (IMG) set up under the Chairmanship of Secretary (DOD) with members from Ministry of Civil Aviation, Department of Public Enterprises, Department of Economic Affairs and Air- India [CMD and Director (Finance)]. The composition of the IMG was enlarged later by inclusion of members from Department of Company affairs, Department of Legal Affairs and Department of Expenditure.	30.05.2000
Selection of Global Advisor:	
Public advertisement issued inviting Expression of Interest from merchant bankers for acting as Global Advisor; last date for receipt of EOI-26.06.2000.Advertisement also released on the website of Air India.	05.06.2000 — (The Economic Times, The Financial Express, Business Standard). 10.06. 2000 — The Economist (London).
Four parties responded against the advertisement. M/s JM Morgan Stanley Ltd.was selected as Advisor by the IMG on the basis of presentations by the four parties and financial bid.	29th and 30th June 2000 (presentation by the parties). 18.07.2000 (appointment of M/s JM Morgan Stanley Ltd.)
M/s Pathak & Associates selected/appointed as Legal Advisor for the transaction by Air India.	23.08.2000
Public advertisement inviting Expression of Interest from Prospective Strategic Partners issued with last date as 10.11.2000 for response.	First Advertisement 28.09.2000—Financial Express 28 and 29.09.2000

EVENTS	DATES
	—Business Standard 29.09.2000 and 02.10.2000 —The Economic Times 28.09.2000 — The Financial Times (London). Second Advertisement 01.11.2000 — Financial Express, 02.11.2000—Business Standard and the Economic Times, 01.11.2000—The Financial Times (London).
Meetings with employees' unions/ representatives:	
In order to dispel anxiety of the employees,the rationale of disinvestment, Minister of State for Disinvestment met the representatives of employees' unions.	1st and 2nd December, 2000
The Minister for Civil Aviation and the Minister of State for Disinvestment again met the representatives of employees' unions.	30.06.2001
Bidders:	
9 offers from prospective bidders were received against advertisement inviting Expressions of Interest.	
6 out of these parties met pre-qualification criteria of minimum net worth (Rs. 10 billion/ US $ 225 million as at the latest audited balance sheet date) and all these parties were given Bid Packs comprising Information Memorandum (IM), Request for Proposal (RFP), Drafts of Share Purchase Agreement (SPA) and Shareholders Agreement (SHA).	05.01.2001 (Bid Packs given to parties). The parties were required to submit Initial Technical Proposal (ITP) in response to the RFP by 23.02.2001 and comments on the draft SPA/SHA.
4 out of these 6 parties did not submit the Initial Technical Proposal in response to the Request for Proposal.	
2 parties who remained in the process carried out due diligence/data room study.	During the period from 04.04.2001 and 30.04.2001.

EVENTS	DATES
Freezing of SPA/SHA:	
Draft SPA & SHA formalized after due deliberations by the IMG and in the DOD keeping in view the comments from bidders.	20.6.2001 (IMG)
Draft SPA & SHA, as formalized by the IMG, submitted to CGD for approval.	19.6.2001
CGD approval for the draft SPA & SHA with certain comments/observations.	22.06.2001
SPA & SHA finalized keeping in view the comments/observations of CGD as also interactions with the Advisors and submitted for approval of Government for freezing the SPA/ SHA for inviting final Technical/ Financial Bids.	02.07.2001
Government *inter alia* approved that two other ruputed valuers be asked to carry out an independent valuation of Air India.	04.07.2001
Issues relating to National Security:	
The Government considered the manner in which public interest including National Security issues could be addressed. It was decided to have security check of all the prospective bidders through the various intelligence agencies of the Government.	November, 2000 — July, 2001
Guidelines for qualification of bidders seeking to acquire stakes in PSUs through the process of disinvestment have also been put in place.	13.07.2001
Meetings of the Inter Ministerial Group (IMG) were held.	31.05.2000, 01.06.2000, 29.06.2000, 30.06.2000, 11.07.2000, 26.07.2000, 31.07.2000, 08.09.2000, 06.10.2000, 09.11.2000, 23.11.2000, 30.11.2000, 08.12.2000, 19.12.2000, 27.12.2000, 23.03.2001, 20.06.2001

EVENTS	DATES
Employees Share Purchase Scheme (ESPS):	
The Government has approved a scheme for sale of upto 10% shares to the employees of Air India.	04.07.2001
Asset Valuation for properties in India:	
Valuation of the properties of Air India Ltd.in India has been carried out through a Government approved Asset Valuer selected by a Selection Committee comprising senior officers from Department of Disinvestment, Ministry of Civil Aviation, Department of Public Enterprises, Department of Economic Affairs, CMD (IA), MD (AI), Representative of AS & FA and L & DO, Ministry of Urban Affairs.	
54 Asset Valuers from different cities were requested to intimate their willingness to be considered for the assignment. 20 parties responded out of which 15 parties made presentations before the Selection Committee. The Asset Valuer was selected on the basis of presentation and financial bid.	26.04.2001 (letter to parties), 09.05.2001(presentation by parties before the Selection Committee).
Asset Valuation of Air India properties abroad:	
Valuation of the properties owned by Air India overseas (London-1, Singapore-2,Mauritius-1, Nairobi-2, Paris-1 and Hong Kong-2) has been carried out through the Indian Embassies/ Consulates in the respective countries.	
In addition to the above properties, valuation of the properties (at London Airport, Chicago Airport, New York and Barcelona) taken on long term (over 10 years) rental basis has been carried out through the officers of Air India located in the respective stations to find out if at all these properties have any realizable market value.	May-June, 2001
Valution of Aircrafts:	
Valution to determine the fair market value of the fleet of aircraft (including spare engines) of Air India has been carried out through M/s Boeing India of Boeing International Corporation and M/s Airbus Industries.	April-June, 2001

EVENTS	DATES
Selection of Registrar and Depository Participant: In order to implement the Government decision regarding sale of upto 10% shares to the employees of AI and subsequent sale of 10% shares to financial institutions and/or on the share market, it was decided to appoint a Registrar & Depository Participant,who would handle the logistics of transfer of the shares to the employees and others. A Selection Committee comprising senior officers from Department of Disinvestment, Ministry of Civil Aviation Department of Public Enterprises, Department of EconomicAffairs, Department of Company Affairs,Representative of AS & FA and the Advisors was constituted for selection of a Registrar & Depository Participant. Based on the Prime Database rankings, the top five Registrars in India, in terms of Number of Public Issues handled during the period April 2000-March 2001, were shortlisted by the Advisors. All the five parties were requested to appear before the Selection Out of the 5, only 3 parties made their presentations. Selection of the Registrar & Depository Participant was made by the Selection Committee on the basis of presentations and financial bid. *Selection of Depository:* In order to conveniently and economically implement the Government decision regarding sale of upto 10% shares to the employees of AI and subsequent sale of 10% shares to financial institutions and/or on the share market, it was decided to appoint a Depository, who would undertake the necessary steps for dematerialization of shares of Air India.	18.06.2001 (letters to parties), 21.06.2001 (presentation and selection).

EVENTS	DATES
The same Selection Committee constituted for selection of a Registrar & Depository Participant was retained for selection of the Depository.	
The only two Depositories in the country, *viz.*, M/s Central Depository Services (India) Ltd. (CDSL) and M/s National Securities Depository Ltd. (NSDL) were requested to appear before the Selection Committee to make their presentations. Both the parties made their presentations. M/s Central Depository Services (India) Ltd. (CDSL) was recommended for appointment as the Depository.	25.06.2001 (letters to parties), 28.06.2001(presentation and selection).

The chronology of events in the process of disinvestment in Air India is as under:—

CGHS in Andhra Pradesh

1528. SHRI RAMA MUNI REDDY SIRIGIREDDY: Will the Minister of HEALTH AND FAMILY WELFARE be pleased to state:

(a) whether all the districts in Andhra Pradesh have been covered under the CGHS;

(b) if not, the reasons therefor and how many districts have, so far, been covered;

(c) whether it is a fact that in ordinate delay is taking place to settle the cases of beneficiaries who have undertaken treatment at private unrecognized hospitals in an emergency situation; and

(d) if so, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF HEALTH AND FAMILY WELFARE (SHRI A. RAJA): (a) to (d) CGHS dispensaries are opened to cater to Central Government employees in different parts of the country taking into account various factors. At present, Hyderabad in Andhra Pradesh has 14 Allopathic, 2 Ayurvedic, 2 Homoeopathy and 2 Unani dispensaries functioning under CGHS. These dispensaries and the office of the Additional Director, CGHS Hyderabad take immediate action to settle medical claims of the registered CGHS pensioner beneficiaries. Medical claims of serving Central Government employees registerted with CGHS are settled by the respective administrative Departments.